



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

Date: June 25, 2004

OFFICE OF
ENFORCEMENT AND
COMPLIANCE ASSURANCE

Response to the EPA Inspector General's Refinery Initiative Evaluation

The Petroleum Refinery Initiative is one of the most successful enforcement initiatives undertaken by the Environmental Protection Agency. Since 2000, EPA has entered into settlements for environmental compliance with petroleum refining companies that control approximately 40 percent of the nation's refining capacity in more than 20 states. Negotiations are still underway with refiners representing another 40 percent of the nation's refining capacity. As a result of improved refinery operations, by the time EPA completes the Initiative, this industry's emissions are expected to be reduced by hundreds of thousands of tons per year – more than 200,000 tons of sulfur dioxide and nitrogen oxides emissions alone, a decrease of 20 percent from 1995 levels.

The Petroleum Refinery Initiative is unprecedented not only in its scope but in the complexity of the environmental and engineering challenges it addresses. The Initiative focused on the most significant areas of non-compliance, which were responsible for large quantities of sulfur dioxide, hydrogen sulfide, nitrogen oxides, volatile organic compounds, carbon monoxides and particulate emissions. These air pollutants have been associated with serious respiratory problems and childhood asthma. EPA engaged refining companies in early settlement discussions for the major sources of these pollutants at all of their facilities company-wide (referred to as "global" settlements), rather than taking the traditional facility-by-facility enforcement path. This innovative approach enabled EPA to efficiently and quickly address environmental problems presented by this industrial sector.

In addition to changing the business practices of a vital U.S. industry, the settlements include use of state-of-the-art and innovative control technologies, stringent emissions limits, operational controls, and other methods to reduce emissions of harmful pollutants. For example, detection and repair of leaking equipment and benzene waste concerns are addressed through operational enhancements and other measures that go well beyond what is required by federal regulations. More than simply reducing levels of emissions, the global settlements help refineries avoid excess emissions in the first place. Substantial environmental benefits will be realized over the life of the consent decrees, and beyond. The settlements have already resulted in the installation of nearly \$2 billion dollars in emission control technologies.

The Office of Enforcement and Compliance Assurance worked with the Office of the Inspector General to explain the many challenges of sustaining priority attention on this industrial sector. As with any new and untested approach to enforcement, some aspects did not work as planned. In the past few years, OECA itself identified areas that needed improvement, and shared this information with the IG during the course of its evaluation. Though the IG identified these areas in the report, OECA had already begun to address them. OECA has taken care to learn from this experience and continually make adjustments, for the benefit of this initiative and others in the enforcement and compliance program.